

22/5 ANNUAL REPORT 2008/2009  
DATE : 19/05/2010  
AGENDA : COUNCIL MEETING: 27/05/2010

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REPORT : MUNICIPAL MANAGER

Attached please find the annual report for 2008/2009. The document is as a separate Annexure on the CD.

#### RECOMMENDATIONS

It is recommended that;

1. Council approves the annual report for 2008/2009.
2. That council pronounces itself on the report of the auditor general.
3. That the annual report be made public.

(FOR RECOMMENDATION TO COUNCIL)

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Minutes Exco Meeting: 20/04/2010

Cllr Zim proposed that the item be recommended to council as follows and was seconded by Cllr Lithebe.

#### RECOMMENDED:

1. That council approves the annual report for 2008/2009.
  2. That council pronounces itself on the report of the auditor general.
  3. That the annual report be made public.
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Minutes Council Meeting: 27/05/2010

Cllr Zim proposed that the matter be resolved as follows and was seconded by Cllr Lithebe.

#### RESOLVED:

1. That council approves the annual report for 2008/2009.
  2. That council pronounces itself on the report of the auditor general.
  3. That the annual report be made public.
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## ANNUAL REPORT 2008/2009

### Introduction by the Municipal Manager

The municipality's main planning instrument to guide its management and development is a five-year plan, the Integrated Development Plan. This plan is based on strategic focus areas of the municipality, namely:

- Institutional Development
- Infrastructure and Service Delivery
- Social Development; and
- Local Economic Development

The municipality has used the Service Delivery and Budget Implementation Plan 2008/2009 and the critical components of the balanced scorecard methodology to measure and report on its actual performance against output targets. In many instances, the municipality has not only met those stringent targets, but surpassed them.

This annual performance report also reflects on how the Council has been gearing up for the huge challenges and opportunities faced by the municipality in providing sustainable services to our communities. Some of the Council's key successes in the past financial year have included record capital expenditure, improved operational management and more services for the poor.

A record R 43 842 108.00 of the capital budget was spent projects on identified for the year 2008/2009. Major backlogs were addressed in water and sewerage systems, roads, solid waste removal and electricity distribution. Housing projects have progressed, while sports facilities, parks, libraries, clinics and halls have been maintained. The municipality has spent R 13 032 720 on free basic services for the poor. A Council financial assets register has been drawn up, and there has been major investment in repairs and maintenance.

We are rapidly building capacity where it is most needed. The operating budget was 167% spent, and we have focused on recruiting the right staff with the right skills, and placing them in the right positions to ensure long-term service delivery and customer satisfaction.

The Auditor-General has given a qualified audit, and the management is working very hard to address all those issues the Auditor-General has raised so as to receive an unqualified audit opinion.

Setsotho municipality was rated the best performing municipality for 2007/2008 financial year, and for this it was declared the provincial Vuna Awards winner and nominated to represent the Free State Province at the National Vuna Awards ceremony held in December 2008. Here the municipality was nominated in two key performance areas, Local Economic Development and Institutional Development, and it was declared joint winners on the Institutional Development key performance area.

This is an exciting time in the history of Setsotho, and I believe we are well placed for infrastructure-led, effective and efficient service provision and sustainable economic growth.

**KAU R S**  
**MUNICIPAL MANAGER**

## Strategic focus area 2: Infrastructure and service delivery

## 2.2 Water and Sewer Division

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
Bulk Water Supply	To ensure that water is made available to all Setsoto Residents. 48 Hours supply as per DWAF requirements.	48 Hour supply as per DWAF requirement. <b>Current status:</b> Ficksburg 28hrs Clocolan 48hrs Senekal 48hrs Marquard 48hrs		48 Hour supply as per DWAF requirement.	48 Hours supply in Clocolan & Senekal. 86 Hours supply in Marquard.	48 Hour supply as per DWAF requirement.	48 Hours supply in Clocolan & Senekal. 86 Hours supply in Marquard.	48 Hour supply as per DWAF requirement.	48 Hours supply in Clocolan & Senekal. 86 Hours supply in Marquard.	48 Hour supply as per DWAF requirement.	48 Hours supply in Clocolan & Senekal. 86 Hours supply in Marquard.	Business Plans submitted for the upgrading of infrastructure. (Ficksburg) Status quo remains with Ficksburg on 12 hours.
Water Purification	To ensure that enough water is purified for all the Setsoto Communities to acceptable and compliance.	48 Hour supply. <b>Current status:</b> Ficksburg 28hrs Clocolan 48hrs Senekal 48hrs		48 Hour supply as per DWAF requirement.	48 Hour supply as per DWAF requirement.	48 Hour supply as per DWAF requirement.	48 Hours supply in Ficksburg.	48 Hour supply as per DWAF requirement.	48 Hours supply as per DWAF requirement.	48 Hour supply as per DWAF requirement.	48 Hour supply as per DWAF requirement.	Business Plans submitted for the upgrading of infrastructure. Status Quo



KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
	bucket systems in the short term.	year)										
Sewer Treatment	To ensure that effluent discharged comply with DWAF requirements.	Tests to Comply with DWEA requirements. 96 Tests		24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	24 Tests	

## Electricity, Roads and Storm water Division

KPA	Objectives	KPI	Baseline Indicator	Annual Target		Explanation of Variance
				Target	Actual	
Electricity Network	Ensure electricity made available to all Setsoto Residents where Setsoto is licensing authority	1.5km LV cable	317km	1.5km	305km	
		50 x 1.5 Twp poles	50	50	0	
		400m 11KV cable		400m	0	
Street lighting	Ensure sufficient illumination is supplied by street lights to acceptable standards	Move 200 street lights in townships	1234	200	105	
Electricity Network Maintenance	Develop Electricity Master Plan	Develop Plan	0	0 Apply for funding	0	
Street Light Maintenance	Street lights repaired	800	3202	800	639	
Network Maintenance	Service transformers	66	123	66	8	
Roads & Storm water Maintenance of Gravel roads	Ensure proper roads network throughout entire municipal area	80km	290km	80km	232km	
Build & construct new roads	To provide proper roads	2km	413km	2km	7.3km	

Maintenance of tar roads	Repair potholes Re-sealing of streets	146km	123km	146km	132.5km	
Storm water network	Maintenance of gravel storm water channels	60 000m	738 000m	60 000m	68 754	
	Paved channels	139km	252km	139km	281km	
Storm water Master Plan	Develop Storm Water Master plan	10km	200km	10km	12.1km	
		Develop Plan	0	Apply for funding	0	

## Strategic focus area 2: Infrastructure and service delivery - continue

## 2.3 Waste Management, Parks and Properties Division

KPA	Objectives	KPI	Baseline Indicator	Target	Timeframe	Explanation of Variance
To maintain park areas and pavements, cemeteries, community halls and sport facilities in a neat condition	The mowing of grass on park areas, pavements, open space, cemeteries and sport facilities	Priority areas like entrance to towns/townships, parks, cemeteries, ext. and municipal offices to be mowed at least twice a month	One to two times per month	Planned Priority areas to be mowed twice a month, other areas once a month	Once in 3 weeks	No personnel to help with statistic/Admin
	To provide graves correctly prepared.	To dig graves on a weekly basis.	On demand	As demanded	As demanded	
	To provide sport facilities / community halls correctly prepared.	To prepare facilities to be ready for use.	On demand	As demanded	As demanded	
	Purchasing of new vehicles/equipment (Capital budget)		3			Financial



[illegible]

# ANNUAL REPORT 2008/2009

	Purchasing of new vehicles/ equipment (Capital budget)		2 x LDV/ 2 x Mobile Compactor	0	Ficksburg on 12 hours	provided with vehicle allowance.  Financial constrain
	3		2 x Tipper Trucks	0		
	5		1 x Front End Loader	0		
	1		Development of Transfer Station - Marquard (Capital budget)	0		
	2		14 x Street refuse containers	14		
	0					
	80					



## Strategic focus area 3: Social Development

## 2.4 Human Settlement Division

Key performance area	Objective	Performance Indicator (Unit of measurement)	Baseline	Target		Explanation of Variance
				Planned	Actual	
	No of existing informal housing / shacks	8988	628	8988	584	All the contractors who are building houses in Setsoto were appointed by the province and the municipality plays the facilitation role.
	No of people on the waiting list for RDP houses	8988	2435	6553	567	Potential beneficiaries prefer to register at their respective ward councilors and we struggle to get those lists from councilors to maintain and verify the waiting lists.
	No of new, un-serviced erven available for building of houses (including RDP)	4237 new sites	987 new sites	3250 new sites	367 new sites	367 sites are approved and not yet serviced and allocated 18 sites are at Deeds Office for township Register, 1154 sites are approved and surveyed, 1110 sites are awaiting MEC approval, 1000 sites could not be processed due to sewer outfall line.
	Cemeteries	To set aside 120 ha of land for cemeteries in the four units	33 ha	30 ha	30 ha for Ficksburg.	The adjacent land to the existing cemetery in Ficksburg is not sufficient to accommodate the proposed expansion, hence, a new area where the initial planning of 1000 residential sites was earmarked. The capacity of the existing cemeteries in other units is still sufficient. The actual extent of the older cemeteries that were utilized and closed could not be



# ANNUAL REPORT 2008/2009

Availability of land for Township establishment	To acquire 1000 ha of land for Township Establishment	0	400 ha	0	determined: No funding was committed by both Human Settlement of the FS Province and Land Affairs to purchase adjacent farms to accommodate new township establishment and address the integration principle. The actual extent of the township establishments in relation to townlands could not be confirmed and the office of surveyor general will assist in that regard.
Formal land development for middle and high cost housing development	To identify areas for new township development for middle and high income groups for 300 sites	50	300	0	An application for 60 sites is submitted to Township Board on the 29/06/2009
Commonages	Acquire 4000 ha of land	10708	350 ha	0	No funding was secured.
Incomplete low cost RDP houses excluding PHP	Facilitate the completion of incomplete RDP houses 409 excluding the PHP.	409	409	225	The new allocation does not cover all the incomplete/unbuilt houses. The reconciliation of the affected houses will be sent to province for consideration.

## Strategic focus area 4: Safety and Security

## 2.5 Protection Division

KPA	Objectives	KPI	BI	Target		Explanation of Variance
				Target	Actual	
Protection Services	Traffic and Law enforcement	Road blocks	11	14	16	
		Escort duty (hours)	388	430	456	
		Point duty (hours)	2412	2500	2300	
		Maintenance (Road Traffic signs & markings)	R 270 000.00	R 370 000.00	R 325 000.00	
		1x LDV	0	1	0	
		Radios for vehicles	0	8	0	
		Speed equipment	2	3	0	
		5 x and blue lights	8	5	5	
		Access control	0	4	1	
		Protection of personnel and municipal property	0	4	0	
		4 x Metal Detectors	0	1	0	
		1 x Safe	0	13	0	
		13 x Radios	0	1	0	
		1 x LDV - 2 TON				
Fire service	Fires and emergencies attended (eg. MVA, rescues)		336	636	636	
		Response time to calls within 5 kilometres	15 minutes	15 MINUTES	15 minutes	



## Strategic focus area 5: Health, social and community development

## 2.6 Political Office

KEY PERFORMANCE AREAS	OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE INDICATOR	TARGET Planned	Actual	TIMEFRAME	VARIANCE/ DEVIATION
Social Transformation (Special Programmes)	Awareness campaigns	Celebrations/ anniversaries	8	8	8	16/06/2009	
		To establish a well represented sports council in Setsoto	1	1	0	30/06/2009	Non- corporation among stakeholders
		HIV & AIDS structures	1	1	1	01/12/2008	
Good Governance		Revive Disabled organizations	4	4	4	30/06/2009	
		Prepare quarterly reports to the Standing Committee	4	4		30/06/2009	
Institutional Development	Public Participation	1 Community meeting per month per ward	204	204	150	05/06/2009	Councillors are not submitting reports
		1 Ward Committee meeting per month per ward	204	204	150	30/06/2009	
		Capacity Workshops for ward committees	4	4	4	30/04/2009	
		Council meetings	4	4	4	29/05/2009	
		Special Council meetings		0	2	30/06/2009	Resignation of Sec 57 manager, salaries of Councillors

## Chapter 3: Human resources and other organisational matters

## Strategic Focus Area 4 – Good Governance and Institutional Development

## 3.1 Information Technology Unit

Key Performance Area	Objective	KPI	BI	Target		Amount	Explanation of Variance
				Planned	Actual		
	Managed Internet Gateway Installation, Installation of MIG Server.	1	0	1	1	R2199.99	
	Installation of 1 Meg Uncapped ADSL Line.	1	1	1	1	R36936.00	
	Upgrade of Internet connection speed unlimited usage						
	Network Upgrade.	1	0	25	25	R45418.49	
	Installation Of Network Points Ground Floor	1	0	1	1	R6561.00	
	New Telephone Extensions.	1	50	150	150	R69882.00	
	Installation Of New Telephone Extensions Ground Floor	1	0	1	1	R20000.04	
	Software Updates.	1	0	1	1	R8400.00	
	Updating of Antivirus Software Keys.	1	0	0	0		
	Pilot of F Wireless Connection.	1	0	1	1		
	VPN Host Service Ficksburg.	1	0	1	1		
	VPN Endpoint Connection EXT6	0	0	0	319		Lack of sufficient software knowledge from certain users.
	Software Hardware & User Problems Attended Too.						Unauthorised software downloaded on the system via internet or from personal software.
	Windows update – Service Pack 3 & Antivirus updates	50	50	150	92	Still in the process of updating	Inappropriate use of the system, lack of care of the equipment.



## ANNUAL REPORT 2008/2009

						certain systems due to users not informing me timeously\that there software has expired.	
	Setup of new pc's	90	0	90	78	PC's was only acquired in May 2009 and the installation and setup is still in process.	
	Upgrade of memory on councilloirs laptops to increase performance	33	0	33	23	Currently in the process of upgrading the laptops.	
	Documents/ Policies / Tenders / RFP's/ Vacancies Placed on the Website:	0	0	0	81		

## 3.2 Internal Audit Unit

## 3.2.1 INDEPENDENCY IN TERM OF IIA STANDARD

In terms of Standard 1110 of the International Standards for the Professional Practice of Internal Auditing, the internal audit activities were performed independently and without any influence from the management and other third party.

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
Good Governance	To control and co-ordinate all audit activities of the Internal Audit Division to meet the strategic object of the Department	Revised audit policy that define the role and responsibilities of the Internal and External Auditors and Audit Committee.	1	1	1	0	0	0	0	0	0	
		Develop and maintain the internal audit section's policies, methodologies and manuals (revised manual).	1	0	0	1	0	0	0	0	0	Shortage of staff.
		Compiling operation coverage that will determine the focus and priority of auditable area	1	0	0	0	0	0	0	1	1	
		Producing reports that is in line with IIA standard (quarterly reports)	4	7	0	5	9	4	5	0	0	Audit activities are performed after the auditable entities have done their work. Two IA employees are on



# ANNUAL REPORT 2008/2009

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				TARGET		TARGET		TARGET		TARGET		
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
		& ad hoc reports)	4	1	1	2	1	1	1	1	0	maternity leave.
		Preparing monthly status quo management reports on the activities of the unit v/s coverage plan (progress report).	2	0	0	0	0	1	1	1	1	Non adherence of quarterly plan.
		Register IA team to IIA as the member	1	2	4	0	0	0	0	0	0	
		Adopt the standards of Professional Practise of Internal Audit by signing declaration of independency and secrecy	4	1	1	1	1	1	1	1	1	
	To ensure effective and efficient operational management of relevant section and to provide effective value adding risk	Assessing institutional risks that appear in the risk register.	1	1	0	0	1	0	0	0	0	

# ANNUAL REPORT 2008/2009

KPA	OBJECTIVE	KPI	BI	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Explanation of Variance
				Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
	assurance services to our clients											
		Monitor and Interpret the Client Satisfaction Questionnaire results and needs in order to deliver an effective risk assurance	2	3	0	3	6	3	4	3	0	Non submission of questionnaire by auditable entities.
		Maintain contact with key clients and consult, advise or perform reviews when necessary or requested	3	1	1	1	2	1	0	1	1	
		Assist in completions of the risk treatment plan and risk register	1	0	0	0	0	0	2	0	0	
	Ensure that staff individual needs are identified and are contained in the personal development plan (Annual Individual Learning Plan).	5	0	0	0	0	0	0	0	5	5	
			1	0	0	0	0	0	0	1	1	



## 3.3 Administration and Support Division

Key Performance Area	KPI	BI	Revised Target	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter		Explanation of Variance
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Communication & IT Networks	Telecommunication Network											
	Print 1 set of accounts per month and distribute to all users.	5	12	3	3	3	3	3	3	3	3	Target was achieved however we are still experiencing a frustration in respect of submissions and control by managers.
	Ensure deduction of personal calls.	3	12	3	3	3	3	3	3	3	3	
	Electronic Document Management System	5	50	0	0	0	0	50	0	0	0	Provision made in Capital Budget for implementation of said projects was utilized by another department and processed through journal entries. This matter was reported to finance to rectify however funds were not available to implement systems.
Administration & Committee Services	Connecting 50 additional users to system.	0	6	0	0	0	0	3	0	3	0	
	Printing 1 monthly report on usage and progress	0	1	0	0	0	0	1	0	0	0	
	Implementing a Central Fax Server in Ficksburg Unit.											
	Delegation of Powers and Functions To ensure Reports	6	4	1	1	1	1	1	2	1	1	None.





Institutional Development	Finalisation and promulgation of Bylaws with effective dates	0	9	9	9	0	0	0	0	0	Bylaws took effect on 1 December 2008 however implementation is still lacking in some departments.
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## 3.4 Human Resource Division

Key Performance Area	Indicator	Baseline	Target		Actual		Explanation of Variance
			Planned	Actual	Planned	Actual	
Effective personnel Management	Data Bank Number of Data Bank documents submitted to the SALGBC.	3	3	3	3	3	Compliance with Collective Agreements (Part D, Section 1).
	Pension/Provident Funds (Memberships). Number of employees belonging to a Pension Fund.	522	661	139			Non - Compliance to the Section 9.3.1 of the Human Resource Policy Manual (HRPM). Audits will be conducted to ensure that all members belong to a Pension Fund.
	Pension/Provident (Withdrawal Claims) Number of terminations due to Resignation, Retirement, Disability/Ill-Health, Deceased and Dismissal.	16	28	27			Family of the deceased did not submit complete information. It is difficult for the institution to locate some family members of the deceased employees (change of address for those staying outside the jurisdiction of Setsoto Municipality).
	Medical Aid Scheme (Memberships). Number of employees belonging to a Medical Aid.	306	661	355			Non - adherence to Section 9.3.2 of the Human Resources Policy Manual (HRPM). To correct this, the institution should ensure that all employees belong to a Provident/Pension Fund approved SALGBC by the end of the financial year 2009/10. The process should be managed according to the stipulations of Section 9.3.2 of the HRPM.

# ANNUAL REPORT 2008/2009

Skills Development	Medical Aid Scheme (Window Period).	1	1	1	1	Compliance to Section 4, clause 4.1.1 of the Main Collective Agreement.
	Number of presentation to be conducted.					
	Conduct Workplace Skills Audit.	1	1	1	1	Compliance to Skills Development Act 1998 and Skills Development Levies Act of 1999.
	Number of Skills Audit conducted.					
	Training Committee	2	12		2	Non-availability of delegates.
	No of meetings conducted.					Contravention of the of the Skills Development Act of 1998.
	Number of monthly training reports submitted to LGSETA.	12	12		12	It is imperative that the members of the Training committee collectively draft the schedule of activities for the Forum.
	No. of training interventions attended by employees.	37	50		25	Compliance to Skills Development Act; Skills Development Levies Act and Skills Development Regulations of 2003.
	No. Training Interventions attended by Councillors.	3	3		5	Insufficient funds from the training vote to implement trainings in the Workplace Skills Plan (WSP).
	No. of learners enrolled in the graduate internship programme.	0	108		100	In future all the training interventions that will be implemented are only those that are captured in the WSP.
	Bursaries.	7	7		7	Acquired external funding to implement more programs.
	No. of LGSETA-funded bursaries allocated to the employees.					Termination of contracts due to permanent employment (in other institutions and deaths).
	Skills programmes.	19	12		7	External funding by LGSETA.
	Number of Skills Programme to be implemented					Insufficient funds from the training vote.
	Grant/recoupment (Mandatory grants) to be received from LGSETA.	R200 000.00	R189 000.00		R277 603.00	Institution should apply for more discretionary grants from LGSETA in order to implement more skills programmes.
						Implementation of accredited and planned training captured in the WSP, the municipality qualifies for mandatory grants.
						Submission of monthly reports made the municipality to receive more grants than anticipated.



Employment Equity	Employment Equity Forum (EEF)	1	4	1	1	Non-availability of delegates. Non-adherence of the Employment Equity Act.
	Number of meetings to discuss employment equity related matters					It is imperative that the members of the EEF collectively draft the schedule of activities for the Forum.
	Awareness Campaign	4	4	4	4	Compliance to the Employment Equity Act of 1998.
	Number of awareness campaign conducted: EEA1 Forms	1	1	1	1	Compliance to the Employment Equity Act of 1998.
	Number of EEA1 Forms completed: EEA 2 & EEA 4 Forms	1	1	1	1	Compliance to the Employment Equity Act of 1998.
	Number of submission of the EEA 2 & EEA 4 forms to Employment Equity Registry					
	% of PDI employees within the municipality	97%	98%	95	48%	Slow recruitment process of the Previously Disadvantaged individuals (PDI's).
						Non adherence to the Employment Equity Plan of the municipality.
						In future all the recruitment of the Previously Disadvantaged individuals will be in line with Employment Equity Plan (EEP).
	% of females within the municipality	35%	45%	28	67%	High mortality rate.
						Slow recruitment of females in the institution as aligned to the Employment Equity Plan (EEP).
	% of males within the municipality	65%	55%	71	33%	Over representation of males in the institution.
						Non adherence to the recruitment process as highlighted in the Employment Equity Plan (EEP) of the municipality.
	% of differently disabled employees within the municipality	1.5%	2%	1	27%	Slow recruitment of disabled persons in the institution.
						Non adherence to the Employment Equity Plan of the municipality.

Occupational Health and Safety	Inspection of Sites Number of Sites Inspections conducted.	4	4	1	Lack of funding for training of Health and Safety Reps. Lack of resources. Appointment letters of Safety Reps. not signed by Management. Non compliance of Health and Safety Act.
	Number of reports submitted to the Management and the LLF	1	4	1	Non-compliance to the Health and Safety Act of 1993.
	Health and Safety Committee. Number of meetings held to discuss all health and safety matters.	1	4	3	Appointment letters of Safety Reps. not signed by Management. Lack of funding for training of Health and Safety Reps It is imperative that the members of the members of the committee draft the schedule of activities for the Forum.
Labour/ Discipline	Local Labour Forum	4	12	8	Unavailability of delegates.
	Number of the Local Labour Forum (LLF) meetings held to discuss all labour related matters				It is imperative that the members of the LLF collectively draft the schedule of activities for the Forum.
	Collective Agreements	1	1	1	Compliance to the Collective Agreements and Code of Conduct.
	Number of awareness campaigns conducted across all the units Discipline Number of cases concluded.	5	18	13	Due to the revised target there were newly reported cases and concluded cases. Unavailability of witnesses.



## Financial Viability

## 3.5 Income, Budget and Financial Statements Division

Objectives	Indicator	Baseline	Target		Variation	Explanation of Variance
			Planned	Actual		
Complete the budget 10 months prior to the start of the financial year	To start the budget process by 31 August 2008	1	1	1	0	The budget timeliness were submitted in line with the MFMA
To ensure that the budget is approved at least 30 days before the start of the financial year	To ensure that the budget is approved 31 May 2009	1	1	1	0	The budget was approved
To compile financial statements within 2 months after year end in line with prescribed framework (e.g. GRAP/GAMAP)	To compile the financial statements by 31 August 2008	1	1	1	0	The financial statements were completed and signed-off by the Municipal Manager on the 28 <sup>th</sup> of August 2008
To report monthly on the performance of the budget in terms section 71 of the MFMA	To report within a 10 days after the end of each month	12	12	12	0	The reports were complemented by the 10 <sup>th</sup> working days as per the requirements of the MFMA
To ensure that the municipality complies with GRAP/GAMAP standards for the financial year 2008/09 in terms of Treasury regulations	To ensure that the municipality complies with the GRAP/GAMAP standards reporting requirements for the financial year 2007/08	0	1	1	0	The municipality was granted exemption in terms of government gazette 30013
To send midyear report on the performance of the budget in terms of the MFMA	To submit a midyear assessment report reflecting the past 6 months performance	1	1	1	0	The midyear report was submitted as per the requirements of the MFMA
To ensure that council resolutions are implemented accordingly or as stipulated	To ensure that every Thursday meeting are held with HOD's and that council resolutions are distributed accordingly within 7 days of the council meeting	52	52	12	40	The CFO position was vacant

To ensure that every customer receives an account on a monthly basis	Number of Accounts sent out, delivered and returned.	399172	483912	410113	73799	Accounts which are returned as a result of wrong addresses, names, fly by nights. The wrong information that is on the system and the effect of zero and closed accounts
To ensure that every customer billing pay within the stipulated period	% of revenue collected for each month	80%	90%	57.53%	32.47%	4 x vacant positions in credit control. Consumers qualifying for indigent subsidy not registering
To ensure that accounting and safekeeping of cash is in line with the policy and any prescribed framework and is banked on a daily basis	Cash is fully banked on a daily basis	248	248	225	23	Lack of transport and proper cash in transit mechanism to in 2 units Hlophlwane ext. 6, Mqheleng & Ficksburg
To ensure that accounts sent out are free from errors and that customer queries are resolved amicably	To resolve a customer query within 14 Days Response time - days	168	120	84	45	The processing of debit notes and credit notes should be processed before the next debtors run so that the account printed for the following month is correct



## 3.6 Expenditure Division

Objectives	Indicator	Baseline	Target		Variance	Explanation of Variance
			Planned	Actual		
Process insurance claims within 30 days on occurrence of event and on receipt of all relevant documentation	To ensure that all insurance claims are processed within 30 days on receipt of all relevant documentation	360	360	360	0	The insurance claims are submitted immediately after all the relevant documentation is received
Payments of salaries and allowances for personnel & councillors	To ensure that all salary payments are made before or on the 25 <sup>th</sup> of every month	12	12	12	0	The average date for the payment of salaries is the 22 <sup>nd</sup> of each month
Payments to third parties for salary related deductions	To ensure that all salary related payments are made before or on the 7 <sup>th</sup> of every month	12	12	12	0	The average date for payments to third parties is on the 28 <sup>th</sup> of each month before the actual due date
To ensure that every creditor is paid within 30 days of receipt of the invoice in terms of the MFMA	To ensure that every creditor receives a payment within 30 Days on receipt of invoice	408	360	180	180	When all the relevant information is received processing of payment becomes faster

Objectives	PERFORMANCE INDICATOR	Base-line	Target		Variance	Explanation of Variance
			Planned	Actual		
Analysing and Identification of municipal needs in terms of goods & services to be procured (Demand Management)	To ensure that requested goods / services are procured within 21 days on receipt of approved documents	252	180	120	60	The quick response received from suppliers in terms of submission quotations
Procuring goods / services in manner prescribed by SCM Policy & MFMA (Acquisition Management)	To ensure that procurement of goods / services is accordance with thresholds stipulated in the SCM Policy and SCM regulations, i.e. R1 – R 5000; R 5001 – R 20 000; Where there are deviation reports were submitted as per Supply chain management policy	100%	100%	100%	0	The supply chain management policy was followed accordingly and where there were deviations they were reported

ANNUAL REPORT 2018/2009

Disposal of goods is line with SCM Policy and MFMA (Logistics / Disposal)	To ensure that disposal of goods / assets is in accordance with the SCM Policy and MFMA	0	0	0	0	0	There were no disposal of goods and services during the current financial year under review
---	---	---	---	---	---	---	---



### 3.7 Governance and Institutional Arrangements

In terms of Section 18(2) of the Municipal Structures Act, Act 117 of 1998 a municipal Council must have 1 meeting quarterly furthermore, 1 Exco Meeting every month was planned in terms of the year plan. The Admin Division was able to ensure that these meetings materialize to the extent that a total of 11 Council including Special Council Meetings and 14 Exco Meetings were held for the period 1 July 2008 to 30 June 2009.

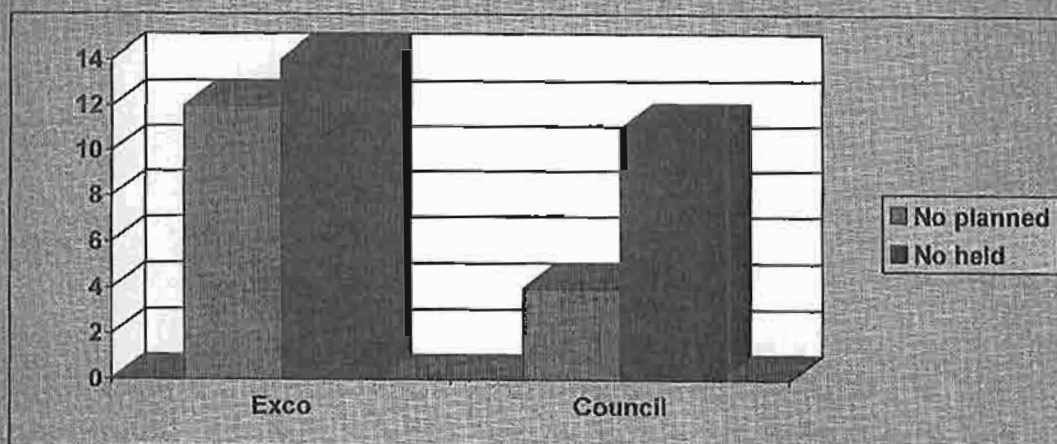
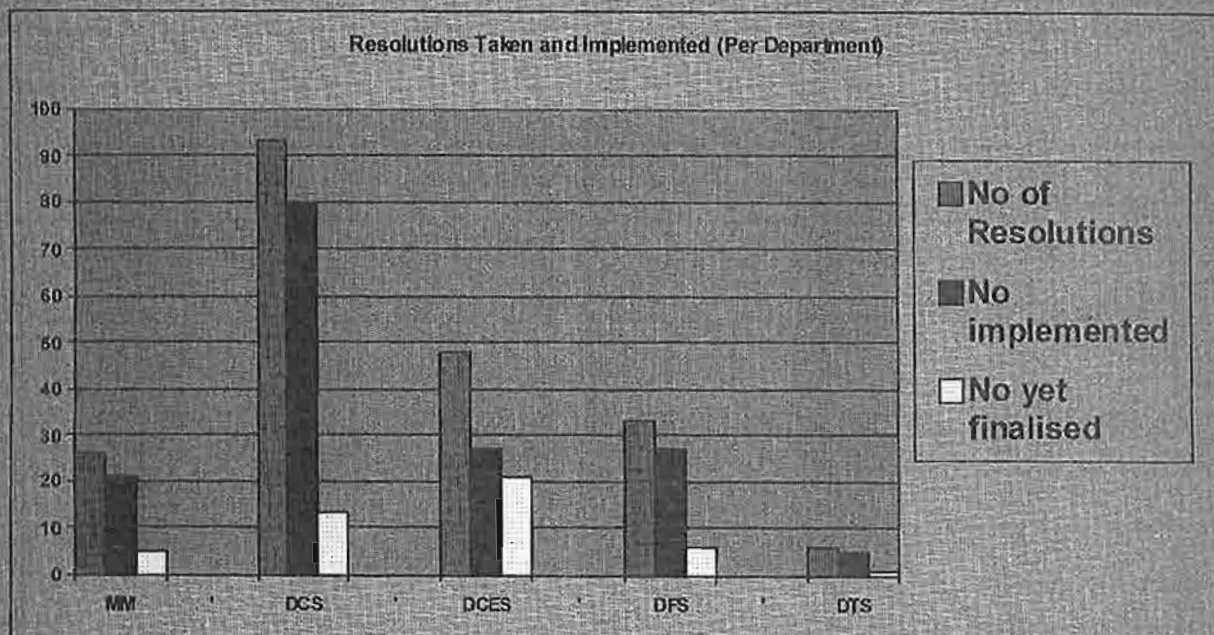


Figure 1: Council and Exco Meetings

Resolutions are distributed after every Council and Exco Meeting for implementation together with a Progress Report. Different Departments are required to report on implementation progress and the report is then presented in the next Executive Committee or Council Meeting for Council to be fully aware of the progress made in respect of implementation of Resolutions.

A total of 140 Resolutions were taken by Exco and Council of which 105 have been fully implemented. A breakdown of these resolutions per department is set out as follows:

DEPARTMENT	TOTAL RESOLUTIONS	TOTAL IMPLEMENTED	TOTAL OUTSTANDING	% IMPLEMENTED
MM OFFICE	26	21	5	80.76%
DCS	93	80	13	86.02%
DCFS	48	27	21	56.25%
DFS	33	27	6	81.81%
DTS	6	5	1	83.33%
	206	160	46	77.67%





# ANNUAL REPORT 2008/2009

## 3.8 Section 79 Portfolio Committees and Chairpersons

### EXCO MEMBERS

Councillors	Officials
Cllr. M. Maduna (Mayor)	Mr. R.S. Kau
Cllr. T. Zim	Mr. M.C. Mabuya
Cllr. E. Strydom	Me. M.M. Molete
Cllr. T. Tsolo	Me. S. Mihailescu (Secretariat)
Cllr. M. Lithebe	Mr. M.C. Lebone
Cllr. R. Lichakane	Me. M. Moeng
Cllr. L. Oljohn	

### FINANCE COMMITTEE

Councillors	Officials
Cllr. Oljohn (Chairperson)	Mr. Mabuya
Cllr. Marwick	Mr. Matsie
Cllr. Sefuthi	Me. Thakanyane (Secretariat)
Cllr. Tsoaela	Mr. N. Van Tonder
Cllr. Mohlomi	

### INFRASTRUCTURE AND PLANNING

Councillors	Officials
Cllr. Lithebe (Chairperson)	Mr. Kohrs
Cllr. Mzizi	Mr. Addinall
Cllr. Nakasi	Mr. Tleru
Cllr. Muso	Me. Viljoen
Cllr. Motsamai	Mr. Mokhethoa
	Me. Motloung (Secretariat)

# ANNUAL REPORT 2008/2009

## ADMIN AND HUMAN RESOURCES STANDING COMMITTEE

Councillors	Officials
Cllr. Zim (Chairperson)	Me. Mihailescu
Cllr. Bester	Mr. M. Lebone (Secretariat)
Cllr. Constable	Me. Moeng
Cllr. Malebo	Mr. Skosana
Cllr. Mthimkulu	Me. Giba
	Mr. Hlongwane
	Mr. Tsautse
	Mr. Mohale

## SOCIAL AND ECONOMIC DEVELOPMENT

Councillors	Officials
Cllr. Tsolo (Chairperson)	Me. Moleté
Cllr. Maphisa	Me. Monare
Cllr. Du Toit	Me. Lira
Cllr. Khopu	Me. Lecheko (Secretariat)
	Mr. Phara
	Mr. Zondo
	Mr. Motlpheloa

## COMMUNITY SERVICES

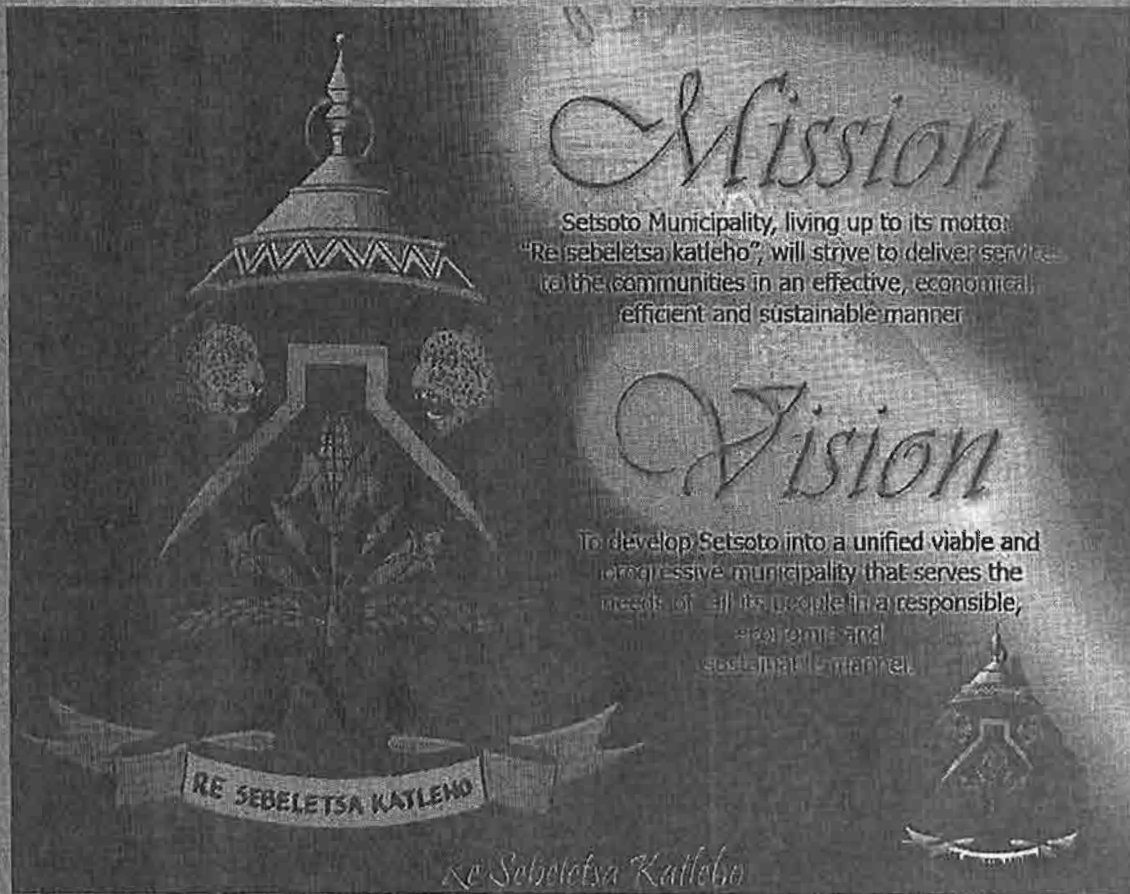
Councillors	Officials
Cllr. Strydom (Chairperson)	Me. Moleté
Cllr. Makhalanyane	Me. S. Lebone (Secretariat)
Cllr. Motsel	Mr. Du Preez
Cllr. Mohapi	Mr. Van Der Merwe
Cllr. Makara	Mr. Mosholi

## URBAN PLANNING AND HOUSING

Councillors	Officials
Cllr. Lichakane (Chairperson)	Mr. J. Koalane
Cllr. Makae	Mr. J. Gwamanda
Cllr. Coetzer	Mr. M. Mathe
Cllr. Nketoane	Mr. L. Motleleng (Secretariat)
Cllr. Koalane	
Cllr. Mokhuoane	



Chapter 4: Financial Statements and related information



*Mission*

Setsoto Municipality, living up to its motto: "Re sebeleletsa katleho", will strive to deliver services to the communities in an effective, economical, efficient and sustainable manner.

*Vision*

To develop Setsoto into a unified viable and progressive municipality that serves the needs of all its people in a responsible, economic and sustainable manner.

*Re Sebeleletsa Katleho*

SETSOTO LOCAL MUNICIPALITY

FINANCIAL STATEMENTS 2008/2009





## ANNUAL REPORT 2008/2009

Cllr M Nketoane	Member
Cllr Dr C P Marwick	Member
Cllr M J Motsamai	Member
Cllr B J du Toit	Member
Cllr M C Nakasi	Member
Cllr M M Mpati	Member - Died on 2008/11/06

### **Municipal Manager**

R S Kau

### **Chief Financial Officer**

M C Mabuya

### **Grading of Local Authority**

Grade 6

### **Auditors**

Auditor-General of South Africa

### **Bankers**

First National Bank

ANNUAL REPORT 2008/2009

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**General information (continued)**

**Registered Office:** SETSOTO LOCAL MUNICIPALITY

**Physical address:**  
27 Voortrekker Street  
FICKSBURG  
9730

**Postal address:**  
P.O.Box 116  
FICKSBURG  
9730

**Telephone number:** (051) 933 9300

**Fax number:** (051) 933 9343

**E-mail address:** [manager@setsoto.co.za](mailto:manager@setsoto.co.za)



**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 43, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

R S Kau

8/31/2009

**SETSOTO LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

<b>Index</b>	<b>Page</b>
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-17
Notes to the Annual Financial Statements	18-34
Appendix A: Schedule of External Loans	35
Appendix B: Analysis of Property, Plant and Equipment	36-39
Appendix C: Segmental Analysis of Property, Plant and Equipment	40
Appendix D: Segmental Statement of Financial Performance	41
Appendix E: Actual versus Budget	42-43



## ANNUAL REPORT 2008/2009

SETSOTO LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION			
	as at 30 June 2009		
	Note	2009	2008
		R	R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	34,84,038	5,918,097
Trade and other receivables from exchange transactions	2	125,085,403	77,513,246
Other receivables from non-exchange transactions	3	1,380,954	707,972
Inventories	4	573,880	551,972
Investments	5	866,178	1,049,476
Current portion of receivables	6	3,573	3,573
VAT receivable	12	1,969,497	7,321,738
<b>Non-current assets</b>			
Non-current receivables	6	15,584	19,157
Investments	7	1,045,353	992,038
Property, plant and equipment	8	328,451,486	297,480,735
<b>Total assets</b>		<b>462,856,148</b>	<b>386,577,050</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	15,721,694	16,493,650
Consumer deposits	10	1,851,881	1,716,619
VAT payable	11	15,822,044	13,573,503
Current provisions	13	2,251,389	1,917,384
Bank overdraft	1	18,029,933	10,307,200
Current portion of unspent conditional grants and receipts	14	16,441,776	24,672,590
Current portion of borrowings	15	1,198,770	3,371,169
Current portion of finance lease liability	16	7,999,547	1,003,310
<b>Non-current liabilities</b>			
Non-current borrowings	15	14,958,015	17,382,024
Non-current finance lease liability	16	8,543,808	5,984,607
Non-current provisions	17	2,393,858	1,572,513
<b>Total liabilities</b>		<b>101,660,718</b>	<b>100,544,965</b>

# ANNUAL REPORT 2008/2009

Net assets	361,195,430	286,032,085
NET ASSETS		
Housing Development Fund	271,810	271,810
Accumulated surplus / (deficit)	360,923,620	285,760,275
Total net assets	361,195,430	286,032,085



## ANNUAL REPORT 2008/2009

**SETSOTO LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2009

	Note	2009 R	2008 R
<b>Revenue</b>			
Property rates	18	22,620,321	22,787,497
Service charges	19	81,654,469	67,210,480
Rental of facilities and equipment	20	691,288	549,645
Interest earned - external investments	21	924,400	2,665,725
Interest earned - outstanding receivables	22	19,403,254	14,428,998
Fines		235,823	200,407
Licences and permits		9,330	430
Government grants and subsidies	23	120,667,313	198,237,909
Other income	24	2,325,445	4,807,881
<b>Total revenue</b>		<b>248,531,642</b>	<b>310,888,971</b>
<b>Expenses</b>			
Employee related costs	25	70,036,114	64,923,272
Remuneration of councillors	26	6,921,702	6,505,023
Bad debts		20,800,000	11,810,575
Depreciation and amortisation expense	27	25,845,419	15,589,451
Repairs and maintenance		9,989,284	7,009,852
Finance costs	28	4,178,788	4,654,748
Bulk purchases	29	19,327,475	14,775,478
Grants and subsidies paid	30	13,032,720	9,542,219
General expenses	31	32,352,704	28,821,334
<b>Total expenses</b>		<b>202,484,206</b>	<b>163,631,952</b>
Gain / (loss) on sale of assets	32		252,910
<b>Surplus / (deficit) for the period</b>		<b>46,047,436</b>	<b>147,509,930</b>